

Message Text

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TAGS: EFIN, IT

SUBJECT: ITALIAN EXCHANGE MARKET DEVELOPMENTS

SUMMARY. BALANCE OF PAYMENTS FOR NOVEMBER REGISTERED DEFICIT OF \$524.9 MILLION AND 1975 BALANCE OF PAYMENTS THROUGH FIRST ELEVEN MONTHS SHOWED \$1163.1 MILLION CUMULATIVE RECORDED DEFICIT (LIRA DATA CONVERTED INTO DOLLARS). FOR SAME PERIOD ADJUSTED BALANCE OF PAYMENTS (EXCLUDING \$929.5 MILLION IN EUROMARKET LAON REPAYMENTS) SHOWED CUMULATIVE DEFICIT OF LIMITED OFFICIAL USE

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\$233.6 MILLION. BOI EXCHANGE MARKET INTERVENTION DURING ALL

NOVEMBER RESULTED IN 375.9 MILLION NET SALES OF FOREIGN EXCHANGE. FROM DECEMBER 1 THROUGH 23 THERE WERE NET MARKET INTERVENTION SALES OF \$252.9 MILLION OF FOREIGN EXCHANGE. END SUMMARY.

1. MONETARY MOVEMENT DATA FOR NOVEMBER RECORDED DEFICIT OF \$524.9 MILLION. CHANGES IN BOI RESERVES DURING PERIOD WERE DECREASE IN COVERTIBLE CURRENCY HOLDINGS OF \$461.2 MILLION, DECREASE IN SHORT-TERM LIABILITIES BY \$3.1 MILLION, DECREASE IN MEDIUM AND LONG-TERM LIABILITIES BY \$31.9 MILLION, AND DECREASE IN SDR HOLDINGS BY \$37.5 MILLION. COMMERCIAL BANKS' NET FOREIGN DEBT REGISTERED INCREASE OF \$61.2 MILLION.

2. RECORDED BALANCE OF PAYMENTS CUMULATIVE DEFICIT FOR FIRST ELEVEN MONTHS OF 1975 OF \$1163.1 MILLION WAS FINANCED BY DECREASE IN BOI FOREIGN EXCHANGE ASSETS BY \$1,459.1 MILLION, DECREASE IN SDR HOLDINGS OF \$124.3 MILLION, DECREASE IN BOI SHORT-TERM LIABILITIES OF \$67.5 MILLION, INCREASE IN BOI MEDIUM AND LONG-TERM LIABILITIES OF \$498.4 MILLION, AND DECREASE IN SHORT-TERM BORROWINGS OF COMMERCIAL BANKS OF \$851.2 MILLION. FOR SAME PERIOD ADJUSTED BALANCE OF PAYMENTS (EXCLUDING \$929.5 MILLION IN EUROMARKET LOAN REPAYMENTS) SHOWED CUMULATIVE DEFICIT OF \$233.6 MILLION.

3. ACCORDING TO DR. CESARE GERONSI, CHIEF FOREIGN EXCHANGE SECTION BOI, BOI EXCHANGE MARKET INTERVENTION FOR ALL NOVEMBER RESULTED IN \$375.9 MILLION NET SALES OF FOREIGN EXCHANGE. FROM DECEMBER 1 THROUGH 23 THERE WERE NET SALES OF \$252.0 MILLION OF FOREIGN EXCHANGE. INTERVENTION WAS PARTICULARLY HEAVY ON DECEMBER 23 TOTALLING \$52.0 MILLION, ALTHOUGH ACCORDING TO GERONSI, THIS COULD BE COMPLETELY ATTRIBUTED TO PETROLEUM PAYMENTS MADE ON THAT DATE. ALTHOUGH FEW MARKET DAYS REMAIN IN 1975, GERONSI FORESAW HEAVY INTERVENTION ON DECEMBER 29 WHEN THE THIRD AND FINAL FRANCHISE OF \$70.0 MILLION, OF AGIP-SHELL PAYMENTS WOULD BE MADE. IN ADDITION TO THESE PETROLEUM PAYMENTS, CONTINUED YEAR-END TRANSACTIONS OF BUSINESSES CONTINUE TO ADD CONSIDERABLE PRESSURE ON LIRA IN FINAL MONTH OF YEAR.

4. ON DECEMBER 23 FOLLOWING FINANCIAL RATES PREVAILED: LIRA LIMITED OFFICIAL USE

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SPOT EXCHANGE RATE WAS 681.875 LIRE PER DOLLAR, THREE-MONTH FORWARD RATE WAS 685.825 LIRE PER DOLLAR, WEIGHTED AVERAGE DEVALUATION OF LIRA, ACCORDING TO BOI INDEX SINCE FEBRUARY 9, 1973 BASE PERIOD WAS AGAINST ALL MAJOR CURRENCIES 20.34 PERCENT, AGAINST THE DOLLAR 14.80 PERCENT, AND AGAINST EC CURRENCIES 24.68 PERCENT. BLACK MARKET RATE IN MILAN WAS 748.5 LIRE PER DOLLAR, THREE-MONTH EUROLIRA INTEREST RATE WAS 8.6875 PERCENT, LIRA INTERBANK FORTY-EIGHT HOUR RATE WAS 7.125 PER-

CENT, AND LIRA INTERBANK THREE-MONTH RATE WAS 7.6875 PERCENT.
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